

State of Connecticut

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Testimony Before the Commerce Committee Comptroller Nancy Wyman March 11, 2008

Good morning Chairman LeBeau, Chairman Berger, Senator Debicella and Representative Stripp. For the record, I am State Comptroller Nancy Wyman and I appreciate the opportunity to sit before you today to testify in favor of **Senate Bill 652, An Act Concerning Small Business Retirement Plans.**"

I'd like to thank President Pro Tem Williams and Chairman LeBeau for their efforts in bringing this bill before the committee today. Connecticut has the opportunity to be a leader in using the resources of our state to offer small businesses and their employees an affordable way to save for retirement.

This proposal would allow my office to administer retirement savings plans for small businesses, self-employed individuals and not-for-profits including IRA's and 401(k)'s. Too often, small businesses who want to provide opportunities for their employees to save for retirement are hindered by high costs and administrative obstacles. Establishing the program is too costly for the employer and the fees associated with a small retirement fund prohibits the plan from growing the retirement savings that are achieved.

The new state managed plan would utilize the economies of scale of the state's existing voluntary retirement funds to offer an affordable way to save.

This is a proposal that truly benefits both small business employers *and* employees at no cost to the state taxpayers.

Over the past decade, more than 90 percent of Connecticut's private-sector growth has been generated by the state's small businesses. Recent months have seen significant economic decline, including a slowing of job growth across Connecticut and the rest of the nation. It is clear that the state should be doing everything it can to help create jobs and ensure a healthy growth in our businesses. A quality retirement-savings plan can help businesses attract and keep talented employees, and at the same time boost the state's economy.

With nearly 75 percent of small businesses not offering retirement plans, many of Connecticut's workers are not adequately saving for the future. Providing businesses with an affordable option to offer this very important benefit to their workers ensures a greater degree of financial security for retirees.

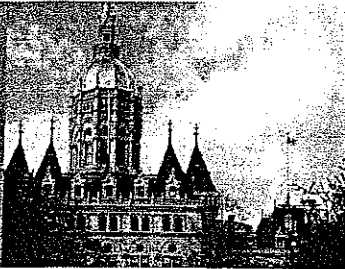
My office currently administers voluntary retirement-savings programs for all state employees. Over the past two years, we have undertaken an aggressive campaign to improve the plans by lowering fees and increasing the state employees who participate in them.

This campaign has been so successful that the assets in the plans have more than doubled in those two years, totaling over \$2 billion. This proposal would be an independent extension of those plans, but we believe we can achieve the same success for small businesses with the weight of that \$2 billion behind it.

Savings would be achieved by offering a portfolio of low-cost investment options and by streamlining the administration of the plan. Specifically, we estimate that investors could save approximately 50% on administrative fees. In the deferred compensation, alternative retirement plan and 403(b) plan for educators, my office has negotiated fee structures that are saving state employees approximately \$20 million in fees every year.

The assets in the state retirement plan will undoubtedly make this proposal very attractive to potential bidders, and give the state enormous leverage to offer small businesses a very affordable investment plan. I believe that this proposal can be another way in which state government can use its tremendous resources to help small business thrive.

Thank you for the consistent and thoughtful work of this committee.



State of Connecticut Deferred Compensation 457 Plan

Investment Options

The menu of investment options available under the State of Connecticut Deferred Compensation 457 Plan is comprised of:

- A stable value investment option
- A family of five low-cost "target date" lifecycle funds
- Low-cost, passively managed index funds
- Actively managed mutual funds

The chart below identifies each investment option, the fund number (necessary when accessing your account with ING over the phone or Internet), the ticker symbol (if applicable), annual expense (including ING's 0.12% Third Party Administrator (TPA) fee), and asset class. These are listed in order of asset class within each investment option type. Additional information on each of these investment options is contained on the fund fact sheets, produced quarterly.

You should consider the investment objectives, risks, and charges and expenses of the investment options offered through a retirement plan carefully before investing. Prospectuses containing this and other information can be obtained by contacting your local Registered Representative. Please read the information carefully before investing.

Fund Name	Fund Number	Ticker Symbol	Annual Expense (Includes 0.12% TPA Fee)	Asset Class
Connecticut Stable Value Fund ¹	792	n/a	0.12%	Stability of Principal
Target Date Lifecycle Funds				
Vanguard® Target Retirement 2015 Fund – Investor Shares ²	791	VTXVX	0.31%	Asset Allocation
Vanguard® Target Retirement 2025 Fund – Investor Shares ²	926	VTTVX	0.31%	Asset Allocation
Vanguard® Target Retirement 2035 Fund – Investor Shares ²	793	VTTHX	0.31%	Asset Allocation
Vanguard® Target Retirement 2045 Fund – Investor Shares ²	794	VTIVX	0.31%	Asset Allocation
Vanguard® Target Retirement Income Fund – Investor Shares ²	795	VTINX	0.31%	Asset Allocation
Passively Managed Index Funds				
Vanguard® Inflation-Protected Securities Fund – Institutional Shares ²	1229	VIPIX	0.20%	Bonds
Vanguard® Total Bond Market Index Fund – Institutional Shares ²	799	VBPIX	0.19%	Bonds
TIAA-CREF Institutional Equity Index Fund – Institutional Class	1092	TIEIX	0.20%	Large Cap Value
Vanguard® Institutional Index Fund – Institutional Plus Shares ²	1228	VIIIX	0.145%	Large Cap Value
Vanguard® FTSE Social Index Fund – Institutional Shares ²	1215	VFTNX	0.23%	Large Cap Growth
TIAA-CREF Institutional Mid-Cap Blend Index Fund – Institutional Class	796	TRBDX	0.21%	Small/Mid/Specialty
TIAA-CREF Institutional Small-Cap Blend Index Fund – Institutional Class	797	TISBX	0.20%	Small/Mid/Specialty
Vanguard® REIT Index Fund – Institutional Shares ²	1225	VGSNX	0.22%	Small/Mid/Specialty
TIAA-CREF Institutional International Equity Index Fund – Institutional Class	798	TCIEIX	0.27%	Global/International

STATE OF CONNECTICUT DEFERRED COMPENSATION 457 PLAN

Fund Name	Fund Number	Ticker Symbol	Annual Expense (Includes 0.12% TPA Fee)	Asset Class
Actively Managed Funds				
Calvert Social Investment Fund Bond Portfolio – Class I	1089	CBDIX	0.68%	Bonds
PIMCO Total Return Fund – Institutional Shares	544	PTTRX	0.55%	Bonds
Hartford Capital Appreciation HLS Fund – Class IA	804	HIACX	0.67%	Large Cap Value
TIAA-CREF Institutional Social Choice Equity Fund – Institutional Class	1224	TISCX	0.34%	Large Cap Value
Fidelity® VIP Contrafund® Portfolio – Initial Class ¹	896	n/a	0.66%	Large Cap Growth
The Growth Fund of America® – Class R-5	803	RGAFX	0.50%	Large Cap Growth
Fidelity® VIP Mid Cap Portfolio – Initial Class ³	897	n/a	0.68%	Small/Mid/Specialty
JPMorgan Mid Cap Value Fund – Class I	816	FLMVX	0.88%	Small/Mid/Specialty
Vanguard® Explorer™ Fund – Admiral™ Shares ²	828	VEXRX	0.39%	Small/Mid/Specialty
EuroPacific Growth Fund® – Class R-5	817	RERFX	0.69%	Global/International

¹ Funded through a blend of general and separate account investment contracts issued by ING Life Insurance and Annuity Company and general account investment contract issued by The Hartford Life Insurance Company, each of which provides for a periodically declared rate and a guarantee of principal and accrued interest based on the claims-paying ability of the issuing insurance company.

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